

Message Text

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PAGE 01 DUSSEL 00728 051451Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-02 INR-10
L-03 NSAE-00 NSC-05 PA-02 SP-02 SS-15 ICA-20
AID-05 COME-00 EB-08 FRB-01 TRSE-00 XMB-04
OPIC-06 LAB-04 SIL-01 OMB-01 INT-05 STR-07 CEA-01
ITC-01 /121 W

-----026718 051730Z /41

R 051440Z MAY 78
FM AMCONSUL DUSSELDORF
TO SECSTATE WASHDC 3504
INFO AMEMBASSY BONN
AMEMBASSY ROME
AMEMBASSY BRUSSELS

UNCLAS DUSSELDORF 728

USEEC

E.O. 11652: NA
TAGS: EMIN EIND GW
SUBJ: REINFORCING STEEL - THYSSEN THREATENS TO RESUME MARKET
FIGHT

1. ACCORDING TO THE DUESSELDORF ECONOMIC DAILY, HANDELSBLATT, OF
APRIL 25, THE GIANT THYSSEN STEEL GROUP DECLARED THAT IT WOULD
RESUME PRODUCTION OF CONCRETE REINFORCING STEEL PROVIDING EC
EFFORTS CONTINUED TO PROVE UNSUCCESSFUL IN COMPELLING THE
"BRESCIANI" MINI MILLS IN NORTHERN ITALY TO ADHERE TO THE
MINIMUM PRICES PREVIOUSLY PRESCRIBED BY THE COMMISSION.

2. GERMAN AND OTHER EC STEEL PRODUCERS HAVE REPEATEDLY COM-
PLAINED TO THE EC COMMISSION THAT THE "BRESCIANI" ARE
SELLING THEIR PRODUCTS IN THE OTHER EC MARKETS FAR BELOW
THE MINIMUM PRICES ESTABLISHED FOR THE COMMON MARKET. AS A
RESULT OF THE PRICE CUTTING, THE "BRESCIANI" ARE SAID TO HAVE
GAINED A 30 PERCENT SHARE OF THE WEST GERMAN MARKET FOR REIN-
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FORCING STEEL, CAUSING SOME GERMAN PRODUCERS SUCH AS THYSSEN TO
WITHDRAW FROM THE MARKET.

3. THE AUTHOR OF THE HANDELSBLATT ARTICLE BELIEVES THAT
THYSSEN'S THREAT TO RE-ENTER THE MARKET, IF EXECUTED,
WOULD TAKE THE FORM OF THYSSEN UNDERSELLING THE
"BRESCIANI"; THIS COULD EVENTUALLY DEVELOP INTO A

REAL PRICE BATTLE WHICH WOULD AFFECT PRICES FOR OTHER STEEL PRODUCTS AS WELL.

4. POST COMMENT: WE ARE NOT CONVINCED THAT THYSSEN ACTUALLY INTENDS TO RESUME THE PRODUCTION OF REINFORCING STEEL. RATHER WE BELIEVE THAT THE GIANT, BY ITS THREATS, HOPES TO PLACE ADDITIONAL PSYCHOLOGICAL PRESSURE ON THE EC COMMISSION AND THE "BRESCIANI" FOR STRICTER ENFORCEMENT AND CLOSER ADHERENCE TO STEEL REGULATIONS.DUX

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